

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JAMES HAZELETTE)	
)	
COMPLAINANT)	
)	
VS.)	CASE NO. 10154
)	
BIG SANDY RURAL ELECTRIC COOPERATIVE)	
CORPORATION)	
DEFENDANT)	

ORDER TO SATISFY OR ANSWER

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") is hereby notified that it has been named as Defendant in an informal complaint filed by James Hazelette on December 23, 1987, through the Commission's Consumer Services Hotline and reiterated in correspondence dated January 7, 1988, from Mr. Hazelette's attorney, the Honorable Paul P. Burchett. A copy is attached hereto. Staff has recommended, and the Commission finds, that further investigation is needed and that a formal case should be established because the matter could not be satisfactorily resolved in the informal complaint process.

Pursuant to 807 KAR 5:001, Section 12, Big Sandy is HEREBY ORDERED to satisfy the matters complained of or to file a written answer to the complaint by February 22, 1988.

IT IS FURTHER ORDERED that the informal complaint file be and it hereby is made part of the record in this case.

Done at Frankfort, Kentucky, this 8th day of February, 1988.

ATTEST:

PUBLIC SERVICE COMMISSION

Executive Director

Richard D. Hemmick

For the Commission

EUGENE C. RICE
P.O. BOX 896

J. SCOTT PRESTON
P.O. BOX 1361

LARRY G. BROWN
P.O. BOX 1394

THOMAS J. BLAHA
P.O. BOX 1361

RICE, PRESTON, BROWN
ATTORNEYS AT LAW
232 SECOND STREET
PAINTSVILLE, KENTUCKY 41240

(606) 789-8251
(606) 789-7211

January 19, 1988

RECEIVED

JAN 20 1988

**PUBLIC SERVICE COMMISSION
CONSUMER SERVICES**

Mr. Bob Johnston
Kentucky Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

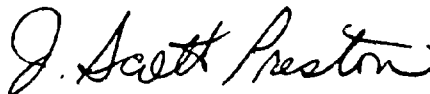
RE: Pam Ward
James Hazelette

Dear Mr. Johnston:

As counsel for Big Sandy Rural Electric Cooperative, the Board of Directors has instructed me to respond to your letter of January 5, 1988. It is the direction of the Board of Directors of Big Sandy Rural Electric Cooperative Corporation that we contest your ruling made in that letter directing Big Sandy to provide service to a trailer belonging to Mr. James Hazelette. As stated in Mr. Don Combs' letter of January 8, 1988 the reason that the Board of Directors has taken this position is that they feel that fraud is involved and the Board has directed me to request that a hearing be held in this matter at the convenience of the Board and that Big Sandy be permitted to take evidence in this matter and to produce a record and that after evidence has been taken that a final order be issued from the Public Service Commission upon which an appeal may be taken.

Thank you very much for your assistance in this matter and if there is any further action that needs to be taken please advise and we will do so.

Very truly yours,



J. SCOTT PRESTON

JSP/das



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 8, 1988

Mr. Bill Wells, Manager
Big Sandy Rural Electric
Cooperative Corporation
P.O. Box 1746
Paintsville, Kentucky 41240

Dear Mr. Wells:

Enclosed is a copy of our January 5, 1988 letter setting forth the Commission Staff's opinion regarding extension of electric service from your utility to property owned by Mr. James Hazelett. We subsequently have learned that Mr. Hazelett's application for service has been denied contrary to the Staff's opinion.

Please provide this office with written confirmation of the position of Big Sandy RECC relative to the Staff resolution of this matter by Friday, January 15, 1988.

Thank you for your immediate attention to this request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Johnston", is written above the typed name.

Bob Johnston, Manager
Consumer Services

BJ/ak

1-11-88
Copy of letter mailed to Paul
Burchett - (dated Jan. 8, 1988 to
Mr. Wells).



*Big Sandy
Rural Electric Cooperative Corporation*

PHONE (606) 789-4095

P. O. BOX 1746

PAINTSVILLE, KENTUCKY 41240

BILL WELLS, Manager

RECEIVED

January 8, 1988

JAN 12 1988

PUBLIC SERVICE COMMISSION
CONSUMER SERVICES

Mr. Bob Johnston
Kentucky Public Service Commission
P. O. Box 615
Frankfort, Ky 40602

RE: Pam Ward
James Hazelette

Dear Mr. Johnston:

We are in receipt of your letter of January 5, 1988, and do not agree with your decision. Based upon the following information, we feel that electric service should continue to be denied until the written-off account is paid in full. We are only interested in collecting the amount owed from the consumer who benefited from the service.

*On November 24, Pam Ward applied for electric service from Big Sandy RECC for a mobile home that was set up near Highway 23. When told that she would be required to pay \$609.32 owed on a service disconnected on March 28, 1984, she stated that she had some leverage that would force her ex-husband to pay that amount.

*The following day, Mr. James Hazelette, her father, applied for electric service to the same residence. Knowing that Pam Ward would be living there, we again stated that the \$609.32 would need to be paid.

*It was clear to us that this was a ploy of Mr. Hazelette to allow a member of his family to avoid payment of a written-off account.

*Mr. Hazelette has other rental property, which he requires the tenant to apply and obtain electric service on their own behalf.

Mr. Bob Johnston
January 8, 1988
Page 2

*Using family members as agents to circumvent collecting amounts due has long been a problem for Big Sandy and is very difficult to control. Many of these situations are solved only when the family is required to "work it out."

*It is imperative that we be allowed to follow this procedure, as it is the only viable method of collecting accounts of this type.

*If we were not allowed this method of collecting bills, we would be in essence, "forgiving" the \$600 debt and our members would not tolerate the resulting higher expense and electric rates.

*The policy of responsibility of those who benefit from the service is the only one which makes sense. Your own actions and rulings have supported this policy and we feel that our procedures are consistent with this philosophy.

If you have any questions or comments concerning this matter, please do not hesitate to contact me.

Sincerely,

BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION



Don M. Combs
Assistant Manager

DMC:jh

Paul P. Burchett
Attorney at Law
68 South Lake Drive
Post Office Box 879
Prestonburg, Kentucky 41653

(606) 886-9167

January 7, 1987

Mr. Bob Johnston
Manager of Consumer Services
Public Service Commission
Box 619
Frankfort, KY 40602

IN RE: JAMES W. HAZELETT v BIG SANDY R.E.C.C.

Dear Mr. Johnston,

This is in response to your letter of January 5, 1988, and I will try to detail the events that have occurred up to the writing of this letter.

On November 30, 1987, James Hazelett made an application in his name with Big Sandy R.E.C.C. for electrical service on a new mobile home that he had purchased. The application was denied at the office for the reason that his daughter, Pam Ward, apparently had a delinquent bill. Actually, the delinquent bill is in the name of Mike Ward and Mike and Pam are separated and in divorce proceedings.

On that same day, Mr. Hazelett called Don Combs of Big Sandy R.E.C.C. to ask if he was going to get electricity and Mr. Combs advised him "No." Thereafter, Mr. Hazelett contacted me and throughout the month of December, I have made several phone calls to Mr. Combs, Mr. Albert Burchett, Attorney for Big Sandy R.E.C.C., and to Ms. Annette Kemper, with the Public Service Commission.

Sometime in the last week of December, Ms. Kemper asked me to have Mr. Hazelett take information concerning ownership of the trailer to the Big Sandy office. The purpose of this was so that Big Sandy would be totally aware of the fact that the trailer belonged to Mr. Hazelett and was in fact located on his property. This was done on or about December 30, 1987. Service was still refused.

Mr. Bob Johnston
January 8, 1988
Page 2

On January 6, 1988, I received a copy of your letter directed to Bill Wells, Manager of the Big Sandy Rural Electric, advising them that they were not justified in denying service to Mr. Hazelett.

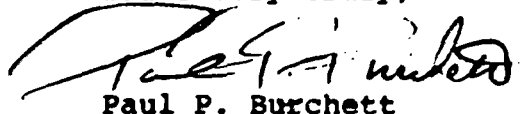
On January 7, 1988, I called Mr. Bill Wells at Big Sandy R.E.C.C. and asked him if they were now going to hook up Mr. Hazelett's power. Mr. Wells advised me that if I request a hearing with the Public Service Commission, Big Sandy will go down there and participate in the hearing and abide by the Commission's rulings. He advised me that at this time the answer was still "No" and that they felt justified in denying Mr. Hazelett service.

Their apparent reason for justifying this service is the fact that Mr. Hazelett's son-in-law has a delinquent account with them. Mr. Wells informed me that the Board had voted to make this a test case to determine if they were justified in refusing service on this basis.

I am, by this letter, requesting that the Public Service Commission take whatever action is necessary to assure that Mr. Hazelett gets the electric service that he is entitled to. I should further advise you that Mr. Hazelett has been a customer, at his residence, with Big Sandy R.E.C.C. for many years and has never had a delinquent account.

Please advise me as to what steps will be taken in the future.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Paul P. Burchett", is written over a horizontal line.

Paul P. Burchett

PPB:lisa



88000250

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 5, 1988

Mr. Bill Wells, Manager
Big Sandy Rural Electric
Cooperative Corporation
P.O. Box 1746
Paintsville, Kentucky 41240

Dear Mr. Wells:

This is in response to a telephone call received on December 23, 1987 from Attorney Paul Burchett on behalf of Mr. James Hazelett who is trying to obtain electric service to a trailer which is located on U.S. Highway 23, North of Prestonsburg.

According to the information we have received, Mr. Hazelett is being denied electric service to the trailer which he owns because his daughter, Pam Ward, will be living there, and owes the Cooperative an electric bill of over \$600 from another location.

In discussing this matter with the Cooperative, Big Sandy states that it feels that fraud is involved and that the Board voted for the Public Service Commission to make a decision in this matter.

We have reviewed this matter and the Commission has made decisions in the past on similar situations that landlords with good credit cannot be denied service in the name of the landlord at their rental property because of a delinquent bill owed by a former tenant even when the new tenant is a delinquent customer of the utility.

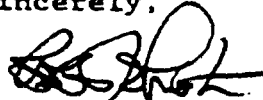
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1-6-88

Mr. Bill Wells
Page Two
January 5, 1988

Therefore, in view of the enclosed information, Big Sandy should proceed to make arrangements with Mr. Hazelett to provide electric service in his name to his trailer located on U. S, Highway 23, and must use other means to pursue payment for the delinquent account of Pam Ward.

Please advise should you have further questions.

Sincerely,



Bob Johnston, Manager
Consumer Services

BJ/ak

cc: Attorney Paul Burchett
P.O. Box 879
Prestonsburg, Ky. 41653